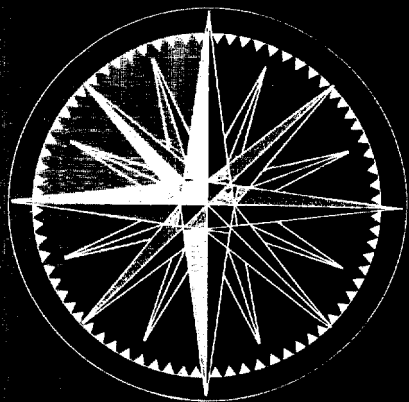


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2 September 1966

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WEEKLY SUMMARY

State Dept. review
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CENTRAL INTELLIGENCE AGENCY
DIRECTORATE OF INTELLIGENCE

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(Information as of noon EDT, 1 September 1966)

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Political activity centered on the coming national election. Provincial officials expect a large turnout discounting the effect of public apathy and Viet Cong and Buddhist opposition. An extensive government information program is offsetting a Communist propaganda effort, and troops will be carefully deployed before the election	
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Agricultural production could reach a new high this year but the poor industrial performance of recent years has not been improved. The Soviet consumer continues to experience a gradual improvement in his standard of living.

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Far East

VIETNAM

Political activity in South Vietnam during the past week has centered on efforts by the government to assure a large vote in the national election on 11 September and efforts by the Viet Cong and the Buddhist Institute to prevent it.

The US Embassy describes the government's information program on election plans as the most effective it has ever conducted. The apparent lack of public enthusiasm thus far is probably due both to lackluster campaigning and the memory of elections under the Diem regime which resulted in few meaningful improvements.

Nevertheless, the Viet Cong appear determined to make the election into a major confrontation with the government. Half of Liberation Radio's broadcast time on 29 August was devoted to diatribes against the election plans. Over the past week, terrorism and harassment have not risen appreciably, but a Viet Cong radio commentary on 26 August described a number of seemingly routine Communist military actions in the Saigon - Gia Dinh area as part of the Viet Cong effort to frustrate the election. As election day approaches, government troops will be carefully deployed

Buddhist moderates, at least, appear uneasy over the parallel between the antielection stance of

the Institute and the Viet Cong.

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Leadership of the Catholic Citizens Bloc, representing a majority of Catholics in the Saigon area, have implicitly threatened not "to cooperate" on election day unless the government first makes a declaration that it will soon do something about the Catholic political prisoners who have been held since the overthrow of the Diem regime.

Military Developments In South Vietnam

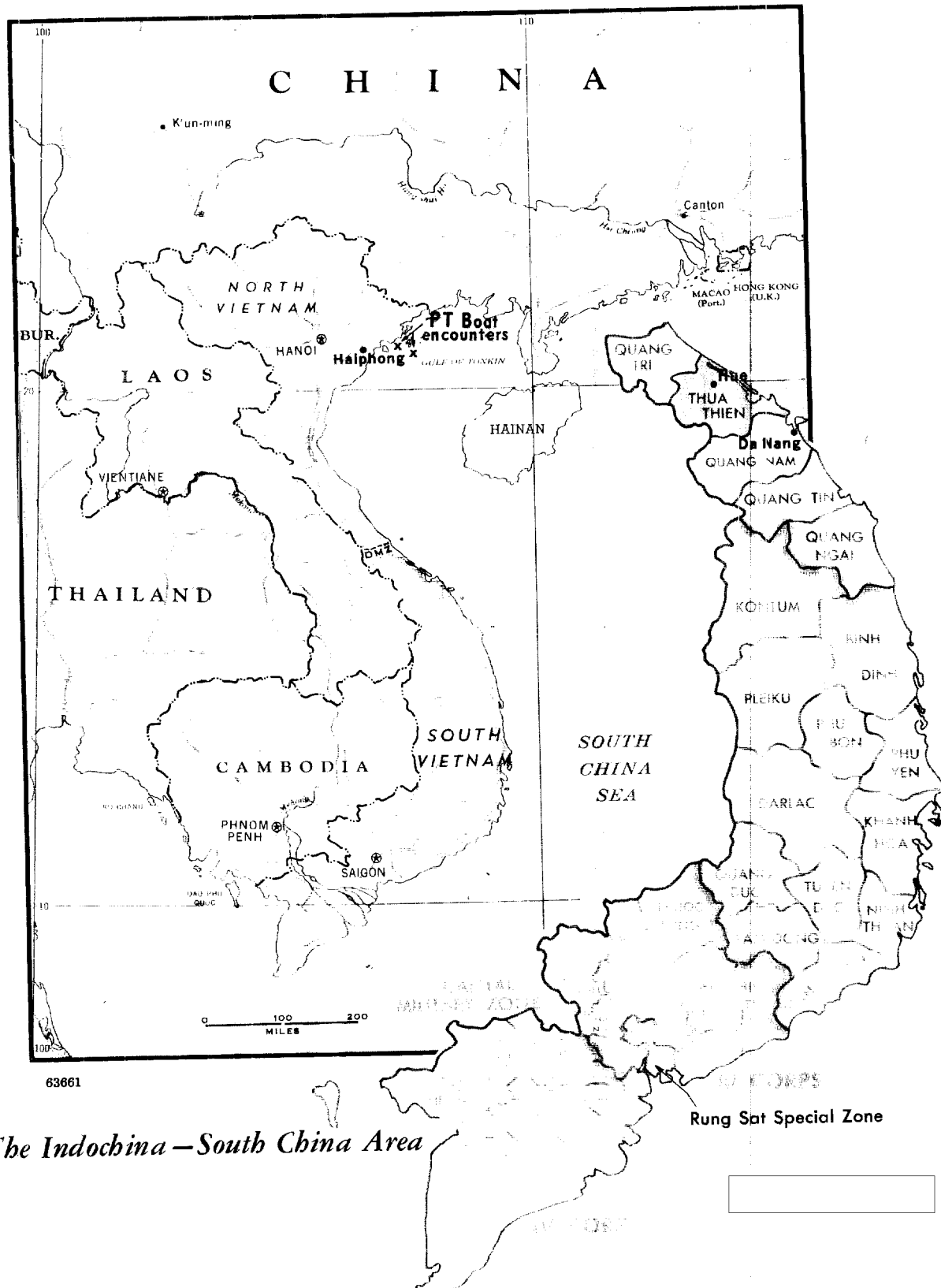
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Allied forces this week continued to press several major ground offensives against Viet Cong and North Vietnamese Army units in widely separated areas of South Vietnam, but without significant enemy contact.

Communist military activity during the week involved no large-scale attacks or ambushes against major troop concentrations and military installations. Rather, the pattern of enemy operations continued to be featured by small-scale probing actions against isolated or

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The Indochina—South China Area

Rung Sat Special Zone

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lightly defended military installations and outposts. Minor harassment and terrorism continues against both military and civilian personnel, and sabotage against land and water lines of communications has intensified.

Efforts by Viet Cong guerrillas to harass allied shipping southeast of Saigon are possibly intended to restrict passage of vessels to the capital. On 27 August, a South Vietnamese Navy minesweeper was sunk by an electrically detonated mine about 18 miles southeast of Saigon, only five miles from the site where the US freighter Baton Rouge Victory was sunk on 23 August. Two days later, a Viet Cong mine exploded 15 feet from a US Navy minesweeper in the Rung Sat Special Zone; however, the vessel was not damaged and no casualties were reported.

Bloc Aid to North Vietnam

Hanoi's inability to meet the cost of greatly expanded foreign assistance apparently has led to its third aid mission abroad in slightly over a year. The group also may be seeking to shift the composition of aid from industrial development assistance to materi-

als useful in restoring economic facilities destroyed or damaged in air attacks.

The high-level team headed by Vice Premier Le Thanh Nghi signed an agreement for an unspecified grant of "economic and technical assistance" in Peking, its first stop, on 29 August. The delegation arrived in North Korea the following day and will probably seek free aid there also. Its travel plans beyond that point are not known. But Le Thanh Nghi's two previous missions obtained loans and grants from the Soviet Union and all the East European countries except Albania and Yugoslavia as well as China and North Korea.

the 25X1 Navy may have lost four more ships during the past week. In four encounters on 29 and 30 August, US Navy aircraft made repeated attacks on boats moving in the island area approximately 30 miles east of Haiphong. The incidents involved at least six ships which have been identified both as PT boats and subchasers.

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CHINESE PARTY REGULARS PRESSURED BY RED GUARDS

Teen-age "Red Guard" units spearheading the "cultural revolution"--the drive to revitalize Chinese society on Mao's own radical pattern--have started to attack the party organization at the provincial level. This follows events at the recent central committee plenum which appear to have broken up the group of top leaders who had run the party machinery for more than a decade.

An editorial in People's Daily on 23 August demanded that the party organization of "every area and every unit" submit "unconditionally"

to the criticism of the Guards. On 28 August the Harbin radio reported that the Red Guards had already "opened fire" on leading personalities of the Heilungkiang provincial party committee and government.

Increased pressure on the working level of the party may be accompanied by new moves against old-line party chieftains. Speaking at a Red Guard rally in Peking on 31 August attended by Mao, Lin Piao declared that the "main targets" for attack by the young revolutionaries are "those in power who have wormed their way into the party and are taking the capitalist road."

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Lin told the Guards that they were the "shock force" leading the cultural revolution and called them a "powerful reserve" of the People's Liberation Army. Lin's remarks, and those of Chou En-lai, the other principal speaker, suggest that the Guards are being given a formal organization and will have a continuing role in the "cultural revolution" as it gathers new speed. Chou announced a central committee decision to call student representatives from all over China to visit Peking in "various groups at different times."

Events at the rally reflect the shift in the Chinese power structure which appears to have upgraded the armed forces and government bureaucracy at the expense of the party machine. Lin and Chou were the only important speakers. Generals and government officials were present in unusual numbers among the leaders appearing with Mao and were given pride of place--ahead of senior party machine figures--in the motorcade which preceded the rally.

Since 18 August when the Red Guards were first identified, their activities have been endorsed in the official press and they have been encouraged to criticize "mistakes" made by party organizations at all levels below the central committee itself. An article by "Commentator" in Red Flag on 21 August asserted that

"those in power" who opposed the thought of Mao Tse-tung would be brought down by the youths--described as bolder than "vulgar politicians who are afraid of having their fingers burned."

Propaganda concerning the Guards appears designed to associate them with the armed forces. They first appeared in public at the 18 August rally where Minister of Defense Lin Piao was introduced as Mao's heir apparent. They were then described as the "offspring of the Chinese Worker-Peasant Red Army."

Subsequent propaganda broadcasts have reported that the regular armed forces regarded the youths as "brother fighting units" and were giving them "warm and resolute support." On 28 August People's Daily declared that the Guards were being organized along army lines and directed them to follow army discipline. [redacted]

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[redacted] despite the mob tactics employed by the Guards, they appear to be a disciplined and well regulated organization.

Use of the Red Guards to perform the activist function normally carried out by the party is one more indication of the extent to which the formal party structure has lost power. The new organization is apparently designed to arouse public enthusiasm and to provide impetus for high-speed "purification" of the party. [redacted]

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NEW FLARE-UP IN SINO-SOVIET DISPUTE

Mass demonstrations outside the Soviet Embassy in Peking on Monday and Tuesday capped a week of new philippics against Moscow by the Chinese. The demonstrations, a sharp Soviet diplomatic note, and a Soviet central committee "statement" rebuking the Chinese, illustrate the depths to which Sino-Soviet state and party relations have fallen. The flare-up does not seem, however, to mark an essential change in the state of Sino-Soviet relations.

Teen-age Red Guards, who are being used to spark the "cultural revolution," led the well-organized demonstration in which hundreds of thousands of people took part. The Chinese took care, however, to prevent mob violence and damage to the embassy, suggesting an unwillingness to push the Soviets too far. Troops and police were on hand to keep the crowds orderly, and demonstrators were kept well back from the main gate of the embassy compound. The Red Guards launched the rally by formally unveiling a new street sign changing the name of the street leading up to the embassy -- previously known as the "Street of Increasing Prestige" -- to "Struggle Against Revisionism Street."

On 31 August, the Soviet party central committee responded to the Red Guards' demonstrations with a "statement" charging Peking with "slander" and with provoking a "sharp deterioration in relations" with the USSR. Like Premier Kosygin's speech before the Supreme Soviet in early August, this statement cast Peking in the villain's role. It stressed the need for unity among Communists in the struggle against "imperialism," decrying the divisive tactics pursued by the Chinese leadership.

The Soviets are, however, unlikely to take more drastic steps. During the present political turmoil in Peking, they probably do not wish to sacrifice their presence in China by a formal break in relations. Such action would rob them of a post from which to observe Chinese developments at first hand, and might foreclose the possibility of exploiting shifts in the Chinese leadership to Moscow's advantage. It would also complicate the problem of sending aid to Vietnam.

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Europe

THE STATE OF THE SOVIET ECONOMY

Agricultural production in the USSR could reach a new high this year, but the USSR is ending the summer without improving its poor industrial performance in recent years. The industrial reform movement has not been in effect long enough to show results on a significant scale; housing continues to stagnate and the grandiose automobile program is off to a slow start.

Industrial statistics through July of this year indicate that there has been a slight additional slippage from the mediocre record of the first half of 1966. Figures for gross industrial production and labor productivity in industry are off fractionally from January-June, and most of the percentage increases for individual items are about the same as in the first half of the year. The complete omission of data on the aggregate production of agricultural machinery, however, suggests that this sector has continued to slow down. The rate of increase in this field dropped from five percent in the first quarter to three percent in January-June, as compared with the corresponding periods of 1965.

Minister of Agriculture Matkevich recently said that the over-all grain prospects are

good, but that the crop in the New Lands area is late. The important spring grain crop remains vulnerable to weather conditions during the harvest period in September. In the livestock sector, further improvement is expected over the record performance of last year.

Party leader Brezhnev's agricultural program for 1965-70 is being carried out slowly, but the effect of recent increases in investment is not visible as yet. The production rate of farm equipment continues well below the average annual rates required by the Brezhnev program. State grain procurements this year are up, however, possibly in response to the higher prices now being paid the farmers.

The reform of Soviet industrial management seems to be moving forward on schedule. Some 800 enterprises employing about two million workers are now operating on the new system. The over-all financial results achieved by selected plants are said to be better than expected. Premier Kosygin's speech to the Supreme Soviet early in August, however, referred to a host of problems still to be resolved, including conservative opposition, managerial indecision, administrative interference, and supply difficulties.

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Kosygin used the future tense to discuss the basic problem of devising new prices, thereby alluding to the regime's apparent inability to make significant progress in this area. The current difficulties with industrial reform will probably be exacerbated this fall when entire branches of industry are transferred to the new system. This will put inefficient plants under new guidelines whereas up to now it has been only the economically strongest enterprises that have been converted.

The Soviet consumer's standard of living continued to improve gradually during the summer, due partly to increased food supplies. The output of

consumer durables and soft goods also continued to hold up well relative to last year. The USSR's chronic housing shortage, however, will not be eased this year.

[redacted] the important Fiat automobile plant will not begin production until 1969. The USSR has thus conceded that this plant's eventual capacity of 600,000 cars a year will be of little use in meeting the 1970 target of 700,000-800,000 units. Existing and planned Soviet plants probably cannot achieve this goal, particularly as most will be undergoing modernization during the 1966-70 period. [redacted]

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Middle East - Africa

POLITICAL TURMOIL IN YEMEN

Yemen's political turmoil seems to be coming to a head following the return from Cairo of President Sallal, the symbol of Egyptian domination.

Yemeni republicans, who have been united only in resentment of Egyptian presence, joined in opposing Sallal's return on 12 August from Cairo, where he had been since late last year. Egypt was forced to use troops to gain firm control of the airport and the capital. It has succeeded only in restoring a mere facade of unified government under Sallal, who is the only major revolutionary figure on whom Nasir can count.

Disillusionment with the Egyptians seems to be spreading to the republican tribes, and may lead some of them into a reconciliation with the royalists.

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Meanwhile Kuwait is continuing its efforts to mediate between Egypt and Saudi Arabia to secure a general settlement in Yemen and withdrawal of Egyptian troops.

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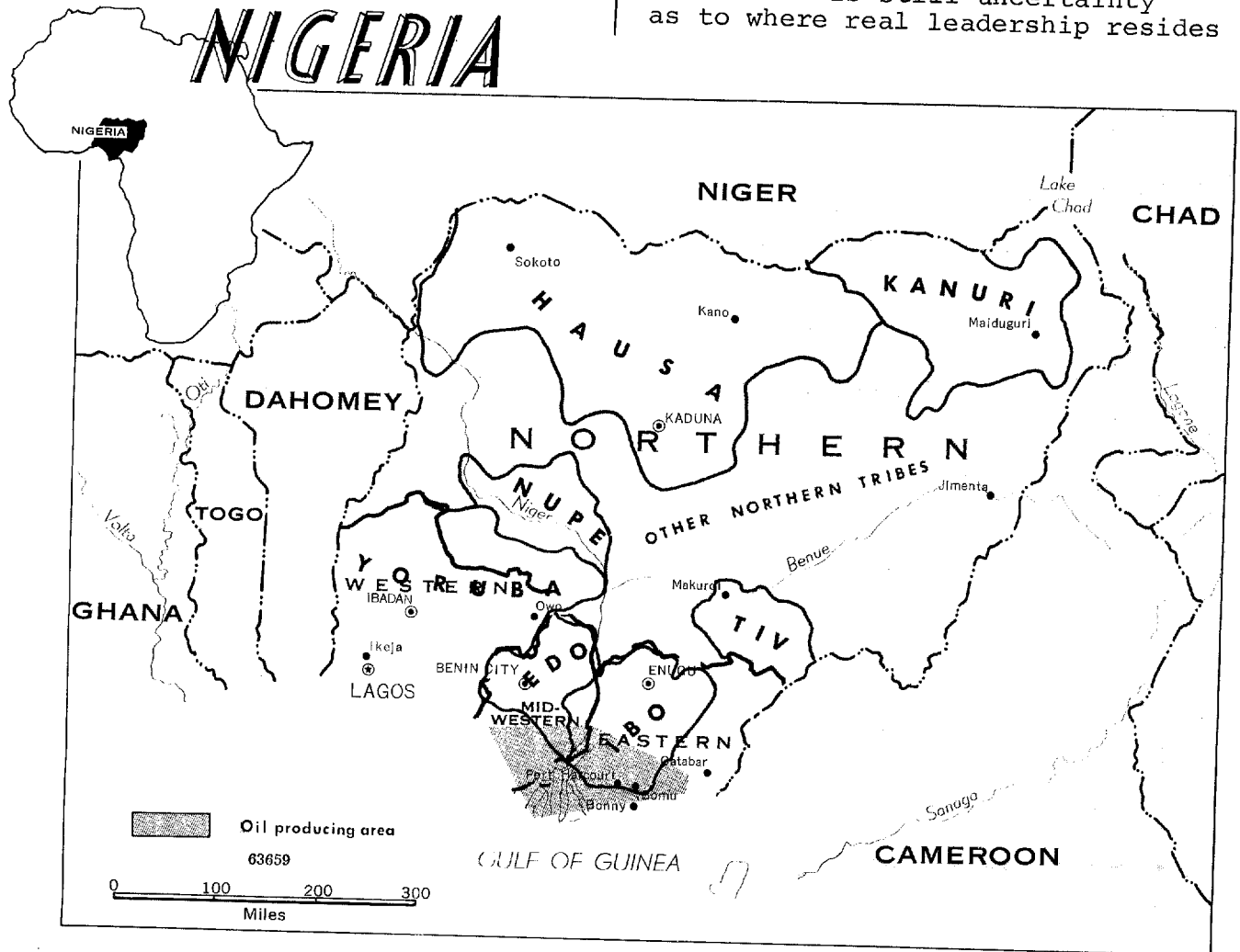
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FUTURE OF NIGERIAN FEDERATION STILL CLOUDY

Regional representatives are preparing to reconvene in Lagos later this month for a second and more extensive round of talks on the future of the Nigerian federation. Consultations and bargaining among leading civil and military figures have been going on in each region since the preliminary inter-regional talks ended last month.

Most of the prospective participants seem intent on preserving at least the outward appearance of Nigerian unity. Aside from this, little basis for genuine agreement exists, and mutual suspicion and hostility between Northerners and Easterners is intensifying.

There is still uncertainty as to where real leadership resides



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in the regions except in the West, where the Yoruba tribe is united behind Chief Awolowo. At the national level Supreme Commander Gowon's own authority is extremely shaky. His lack of full control over hard-core Northern military elements at the Ikeja barracks outside Lagos could upset the projected negotiations.

All regions apparently now hope to maintain certain essential common services such as railways, but there are differences among them as to the degree of regional autonomy desired. Presures continue in both the East and North to "go it alone." Eastern Governor Ojukwu, who continues to flout Gowon's authority, does not want to be part of an association dominated either by the North or by an alliance of the North and West. The East is threatening secession in order to obtain concessions from the North and West, which would suffer from the loss of the East's petroleum reserves. If undisciplined Northern soldiers continue their depredations against Ibo soldiers and civilians from the East, the East might be driven to make a clean break with the federation. Its Ibo rulers would then face the problem of maintaining control over its oil-producing coastal area which is inhabited by non-Ibo tribes.

Considerable differences of opinion exist in the North. A new regional balance of power apparently is emerging in which the minority tribes will have increased importance. At present, the loose federation concept seems to be favored there too, although some influential Northerners, including those now operating the local press, appear to be trying to drive the East into secession.

The West, which hopes to provide the balance between Northern and Eastern extremists, favors a strong federal system. It has proposed the division of Northern Nigeria into smaller ethnic units, an arrangement which would be strongly resisted by the large and populous North. The mid-West, where rich new strikes of oil have been made, favors a loose federation, but will probably go along with any arrangement acceptable to the others.

For the immediate future, a gradual disintegration of central authority can be expected, as decisions are delayed and Gowon devotes much of his attention to the urgent problem of reorganizing the badly shattered army and enforcing discipline.

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DISCONTENT APPEARS IN FRENCH SOMALILAND

The demonstrations which accompanied President de Gaulle's visit to French Somaliland on 25 and 26 August revealed greater dissatisfaction with French rule than had been supposed.

The disturbances apparently grew out of the territory's ethnic divisions. Some 45 percent of the 80,000 people are Somalis whose dormant aspirations to join a greater Somalia have been encouraged by the government of the Somali Republic. Exiles based in Mogadiscio have spread propaganda and appeared before the UN and African organizations to promote this cause. The Somali political party in the French territory appeared to have little following, however.

Nevertheless, there has been a general feeling among the local Somalis that the territorial government caters mainly to the non-Somali peoples. The council's vice president--who holds the highest office open to a native--is a member of the second largest ethnic group, the Afar, who have strong tribal ties with Ethiopia.

Elements from the Somali Republic used De Gaulle's visit to exploit the underlying discontent. Of the 30 demonstrators arrested, 18 had origins in the Republic.

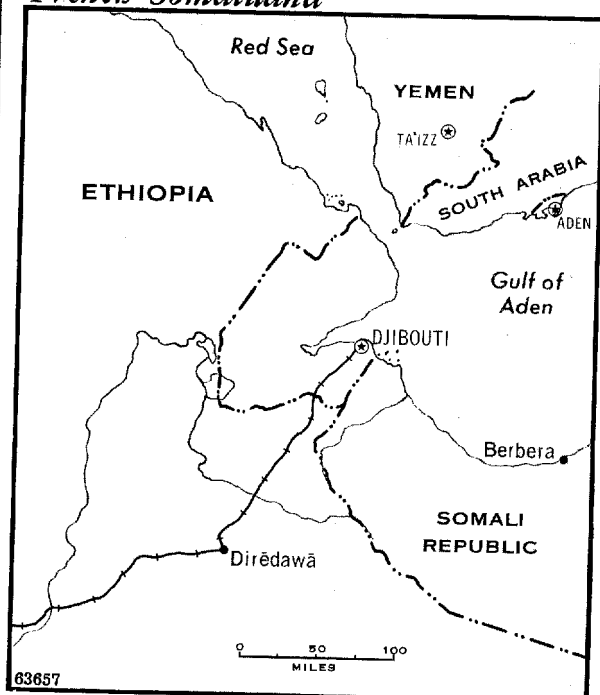
[redacted] a grenade which exploded was of Italian manufacture, a type readily available in the Republic but not in the French territory. Somalis living in Cairo as well as in the Republic demonstrated in support of their Djibouti cousins.

Although France will not readily relax its hold on the minor but relatively profitable territory (thanks to earnings from the French-run railroad to Addis Ababa and the port facilities), the incidents may lead to further trouble. Two Somali ministers in Djibouti have already resigned.

If Mogadiscio pursues its greater Somali campaign as actively in French Somaliland as it now is doing in Kenya and has often done in Ethiopia, the French position could become difficult. Ethiopia would help France preserve the status quo, however, in the interests of keeping its major export outlet from falling into Somali hands.

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French Somaliland



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Western Hemisphere

USSR SEEKS NEW FOOTING FOR TRADE WITH LATIN AMERICA

Moscow is still trying to find a formula to achieve a higher level of trade than it has had till now with the major Latin American countries. It also wants long-range ties as opposed to programs which merely have a short-lived propaganda impact.

The shifting composition of Soviet trade with Latin America together with fluctuations in volume from year to year testify to Moscow's failure thus far to create sound economic relationships. Political instability in some countries has provided the USSR with economic openings, but just as often this instability has been a hindrance to the development of rational economic arrangements. Since the bloc's "economic drive" of seven years ago foundered, Moscow, while less forward, has responded readily to Latin American initiatives which promise a long-term expansion of trade. Soviet practice recently has been to conduct lengthy explorations of trade possibilities jointly with individual Latin American countries.

Thus, the recent \$100-million credit extended to Brazil to bolster trade during the next three years was the product of nearly a year's consultation. This began when the Brazilian minister of planning visited Moscow last September and rejected standard Soviet aid terms

as unsuitable for conditions in Brazil. The aid program finally agreed upon, and the repayment terms which will foster a growth of Brazilian exports of manufactured goods, will not result in any spectacular burgeoning of trade. The arrangement may, however, point the way to a new and lasting economic relationship between the countries.

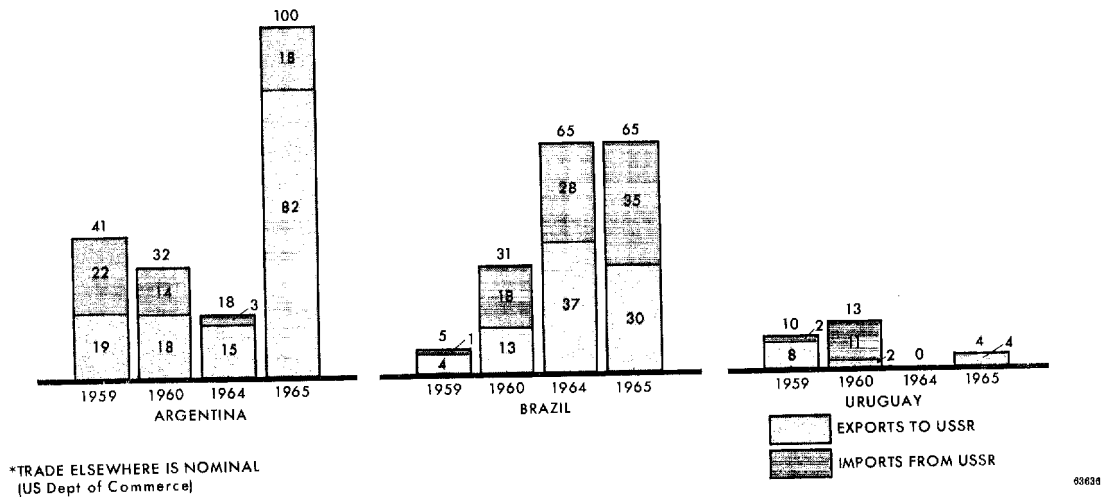
Talks looking toward a trading partnership with Chile were opened last year in the wake of the resumption of diplomatic relations in 1964. These may soon bear fruit in the form of a trade pact entailing a Soviet credit like the agreement with Brazil.

The military coup in Argentina seems to have dealt a setback to negotiations over Soviet participation in various economic development projects which had been under way for over a year. However, Buenos Aires probably will continue to import equipment for its oil industry under a \$15-million credit extended by Moscow last year. That modest credit was accepted following the expiration some time before of a \$100-million credit extended in 1958, less than a third of which was used. Soviet trade with Argentina has reached new peaks, mainly because

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Soviet Trade with Selected* Latin American Countries
(million US dollars)



of sizable purchases of wheat by the USSR. Argentina is, however, only a secondary source of wheat for the USSR, and the growth of enduring trade ties on that basis is unlikely.

Various trade and credit arrangements have been reported to be under discussion with Uruguay, but Montevideo's failure

to fulfill earlier pacts with the USSR makes it unlikely that a substantial trade will result. In order to maintain its presence, however, the USSR may exchange oil for some nontraditional export items which Uruguay has not been able to market elsewhere.

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ARGENTINE GOVERNMENT'S TRUCE WITH PERONISM CONTINUES

The Ongania regime is continuing its effort to keep labor support and is trying not to antagonize the Peronists, whose opposition could seriously hamper reform efforts.

Although the threat of a Peronist victory at the polls in 1967 was a major factor in the overthrow of President Illia, the military regime quickly made it clear that it would not interfere with the Peronist unions if they confined their activities to legitimate trade union affairs. The Peronists, both orthodox and moderates, gave grudging support to the new regime, and Peronist labor leaders even began to appear at swearing-in ceremonies for new government officials.

Unlike past military regimes the Ongania government has turned a fairly friendly face to the General Confederation of Labor (CGT), a center of Peronist power. For example, the administration is urging the CGT to go ahead with the election of new officers in October.

As a result of a split earlier this year, the CGT is divided over the issue of loyalty to Peron and tactics to be used in securing increased benefits for workers.

[redacted] the truce between Peronism and the government may break down over the issue of compulsory arbitration in labor disputes. However, the emergency arbitration law announced during the past week was quickly obeyed by the striking metalworkers' union, which is headed by the leader of the moderate Peronists, Augusto Vandor. Labor has also said little so far about the government's plans to close sugar mills in Tucuman Province and to divert sugar workers to other industries.

The government apparently realizes that it will also have to come to grips with the Peronists about the national railroads. The state-owned railroads are overstaffed and are responsible for the largest share of the budget deficit. Ongania has indicated that the government will provide for state employees who are laid off and that there will be no wholesale firings. The move to reduce employment, however, is bound to bring an outcry from the railroad workers.

Ongania apparently hopes to win the loyalty of the Peronists eventually through an extensive social security system and a new labor code.

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CHILEAN PARTY CONGRESS STRENGTHENS PRESIDENT'S POSITION

The second national congress of Chile's governing Christian Democratic Party (PDC), which met in Santiago from 24-28 August, concluded with a defeat for the left wing.

The party has been attempting to define its position with respect to the government. Most members advocated continued support for present government policies. The left-wingers favor a more reformist posture, adhering strictly to Christian Democratic principles and avoiding compromise with other political parties.

Senator Patricio Aylwin, a strong supporter of President Eduardo Frei, will probably be re-elected party president on 10 September. Senator Rafael Gumucio, the left-wing candidate, has withdrawn from the race claiming he would not be able to carry out certain resolutions on labor adopted at the party congress. Gumucio objected in particular to the decision to create parallel union organizations in situations where the present union leadership does not support the PDC. The moderate left or "third position" candidate for party president, Bosco Parra, lost ground when his foreign policy resolution, which is out of line with the

government's position, received only 266 votes compared to 330 for Aylwin's resolution, which was adopted.

The foreign policy resolution of the congress appears to support Frei's "independent" posture in foreign affairs. The three major points call for a negotiated peace in Vietnam, condemnation of the Inter-American Peace Force, and the admission of Communist China to the United Nations. In the 1965 UN General Assembly, Chile abstained on the motion to seat Communist China.

Although differences still exist within the party they can probably be papered over and party leaders can present a united front in the legislative battles over various reform programs. Many of the most capable members of the PDC now are in the government and have little time for party affairs. Those remaining in party positions are sometimes unable to discard their negative viewpoint, inherited from many years in opposition.

This congress indicates, however, that Frei will probably be able to count on fairly strong support from his own party for at least another year.

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LLERAS' FIRST MONTH AS COLOMBIA'S PRESIDENT

Carlos Lleras Restrepo has wielded a new broom with a vigor rarely seen in Colombia since becoming president on 7 August.

From 14 to 16 August he was host to the presidents of Chile and Venezuela and to representatives of the presidents of Peru and Ecuador for discussions aimed at improving economic cooperation. This "little summit," convened at Lleras' initiative, is a sign that the new president plans an aggressive foreign policy in direct support of his national economic goals.

Lleras has also taken the lead on the legislative front. On 23 August he presented a bill to Congress calling for modifications of the constitution which would grant him broad powers and go far toward solving the problems caused by the present requirement for a two-thirds majority in Congress for important legislation. This proposal met stiff opposition in Congress, however, and prospects for passage of the bill are dim.

His direct assault on Congress is more apt to cause the

legislators to cling more tightly to their prerogatives than to surrender them.

Lleras announced that an estimated 20,000 superfluous office holders in the government would be removed. He has also given notice that he will make a complete inspection of the foreign service list and that all diplomatic assignments are at his disposal.

Lleras has also taken on Colombia's traditionally undisciplined students. At a time when leftist student leaders were attempting to organize a nationwide strike, he issued a decree penalizing students for missing classes because of strikes. At the same time the minister of government announced that students guilty of acts of violence would be treated as common criminals.

In trying to carry out his plans, Lleras will have to overcome ancient vested interests and deep-seated obscurantism in a country considered conservative even in Latin America. His foreign policy calls for close cooperation among countries lacking experience in working together.

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RIFT BETWEEN GOVERNMENT COALITION LEADERS IN GUYANA

Disagreement over basic points of policy has become sharper between the two leaders of the government coalition, Prime Minister Forbes Burnham and Finance Minister Peter D'Aguiar. The coalition may be facing its most serious crisis since a near breakup over a budget dispute in April 1965.

Differences between the two leaders threaten to end in an open split between them which, at least, would seriously weaken the alliance between Burnham's People's National Congress (PNC) and D'Aguiar's United Force (UF). With 22 and seven seats respectively, the two parties command a slim majority in the 53-member Parliament.

The coalition has been under strain ever since Burnham and D'Aguiar formed a government in 1964. Their mutual distrust and strong personality differences have contributed to the conflict. Until now, the pressure of a strong opposition led by Marxist Cheddi Jagan has held them together despite their disagreements.

Lack of agreement over a recently proposed national secu-

rity law, continuing charges by the UF that Burnham is squandering funds, and a dispute over the composition of a new commission to handle the affairs of the Amerindians are current sources of friction. During a recent cabinet meeting D'Aguiar announced that he would resign if certain appointments made by the government to the Amerindian Commission were not canceled. Burnham also is annoyed because D'Aguiar is unwilling to release enough money to complete a coastal road from Georgetown to New Amsterdam, a favorite project of the prime minister.

US Ambassador Carlson reports that Burnham is considering steps to reduce D'Aguiar's authority which would almost certainly bring on the finance minister's resignation. Burnham has hinted that he may call for the resignation of some ministers to allow reorganization of the cabinet, which now includes three UF members.

Burnham plans to leave within a few days for a trip of two or three weeks abroad. Even though tension may subside during his absence the constant danger of a sudden break between the two leaders remains.

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THE NEW GUATEMALAN REGIME IS LOSING POPULARITY

The national confidence generated by Guatemala's successful transition to an elected government is already shrinking. Insurgency, the country's most publicized problem, has not been checked and popular expectations of rapid social reform are not being met.

The really troublesome opposition to the Mendez government is for now restricted to Communist terrorists, but there are signs that discontent is taking hold among other Guatemalans. Unhappiness with the status quo and impatience for the benefits expected from a new government can easily revive the traditional Guatemalan weakness for politics by conspiracy.

The public, anticipating revolutionary programs and rapid action from the new administration, is uneasy over Mendez' apparent inability to produce results. Within the official family itself, there are complaints over continuing disorganization. Opportunistic officials are exploiting the administrative confusion to hand out government positions to their followers.

The administration's premature announcement of its agrar-

ian reform program, made early in the hope of a favorable political effect, has backfired and could lead to significant peasant ferment. Peasants have misconstrued the announcement and have begun squatting on public and private lands.

There is, in addition, a growing tendency toward political polarization, noted particularly in the worsening of relations between the ruling Revolutionary Party and the opposition far rightists. Extremism within the National Liberation Movement and other rightist groups can be expected to grow in proportion to the level of Communist terrorism.

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